



A Place to Call Home

Strategies for Affordable and Accessible Housing

Booklet One

Rental Housing

Indiana Governor's Planning Council
for People with Disabilities
and
Center on Community Living and Careers
Indiana Institute on Disability and Community
Indiana's University Center for Excellence
Indiana University

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A Place to Call Home, Strategies for Affordable and Accessible Housing comprises a series of five booklets. The full series contains:

- Booklet 1: Rental Housing
- Booklet 2: Homeownership
- Booklet 3: Home Modifications
- Booklet 4: Fair Housing
- Booklet 5: The Consolidated Plan

Copies of Booklet 1: Rental Housing and other titles in this series are available from:

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The Center on Community Living and Careers is one of seven centers located at the Indiana Institute on Disability and Community, Indiana University, Bloomington. The work of the Indiana Institute encompasses the entire life span, from birth through older adulthood, and address topical areas that include:

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Affordable Rental Housing

An Overview of Several Programs Available Through the
U.S. Department of Housing and Urban Development,
Public Housing Agencies, the Indiana Housing Finance Authority and the
U.S. Department of Agriculture-Rural Development

Overview

Indiana and the nation are facing an affordable housing crisis. According to the 2001 Indiana Consolidated Plan there is a shortage of 152,000 housing units for people with very low incomes. In addition, it is reported that more than 187,000 households are paying more than 30% of their income for housing costs. Unfortunately many people with disabilities, particularly those that receive Supplemental Security Income (SSI) benefits, have had few opportunities to access individualized and dispersed, affordable and accessible housing.

There are a number of opportunities for state and community housing organizations to apply for and/or direct federal housing funds to increase the availability of affordable and integrated housing for people with disabilities. This section will provide a brief summary of several of the U.S. Department of Housing and Urban Development's (HUD) housing programs including:

- ▶ Section 8 Housing Choice Vouchers
- ▶ Section 8 Housing Opportunities for Persons with Disabilities (Mainstream Program)
- ▶ Section 8 Fair Share Vouchers
- ▶ Section 8 Homeownership Program

In addition, the Indiana Housing Finance Authority (IHFA) administers a Low Income Tax Credit program that encourages developers to construct or rehabilitate rental housing for people with low incomes.

This affordable housing section does not include information on all of the affordable **rental** housing programs in Indiana. For example, HUD's HOME Investment Partnerships Program and Community Development Block Grant funds may support a number of state and local housing related activities, including that of affordable rental housing. The US Department of Agriculture-Rural Development has a number of affordable rental options for residents of rural Indiana. A brief reference to these programs is included, however, more information on homeownership is included in Booklet Two in this affordable housing series.

What is the Section 8 Housing Choice Voucher Program?

As a HUD program, the Section 8 Housing Choice Voucher (Section 8) program is one of the most important federal housing programs available to assist people with low incomes, with and without disabilities. This program provides a rental subsidy to assist households with monthly housing costs that are based on the income of the household. Typically, the household's portion is equal to 30% of their adjusted monthly income. A rental subsidy is paid directly to the landlord on behalf of the tenant. The tenant is then responsible for paying the difference between the actual rent of the housing unit and the amount of the rental subsidy.

These rental subsidies are long term and considered permanent housing.

Who administers the Section 8 Housing Choice Voucher Program in Indiana?

The majority of Section 8 Vouchers are administered by fifty-seven (57) local Public Housing Agencies (also known as Public Housing Authorities or PHAs) in Indiana that are under a contract with HUD. In addition, the Indiana Family and Social Service Administration, Housing and Community Services Section, serves as the designated state agency responsible for administering Section 8 Housing Choice Vouchers. The Housing and Community Services Section administers the Section 8 Housing Choice Vouchers through subcontracts with eighteen (18) Community Action Agencies and two (2) PHAs.

To determine if there is a Public Housing Agency in your community see the web site:
www.hud.gov/offices/pih/pha/contracts/states/in.cfm

To determine if there is a Community Action Agency (CAP) in your community see the web site:

www.in.gov/fssa/families/housing/cap.html

For more information on state administered vouchers contact:

Family and Social Services Administration
Housing and Community Services Section
Division of Family and Children
402 W. Washington Street, Room W381
Indianapolis, IN 46206
(317) 232-7099 or (800) 622-4973 ext. 7099

What is the Difference Between the Section 8 Housing Choice Voucher & the Section 8 Project Based Rental Assistance?

Section 8 Housing Choice Voucher

The Section 8 Housing Choice Voucher Program is often referred to as *tenant based rental assistance*. This allows people with Section 8 vouchers to choose housing from the private rental housing market, that is fully integrated into the community, and that meets their individual preferences and needs (e.g., near employment, accessible unit). This housing voucher is portable—if a person decides to move at the end of the lease, the voucher can be used for different housing across the United States.

In 2001, Indiana had 36,000 households using a Section 8 Housing Choice Voucher to assist with the cost of housing.

Section 8 Project Based Rental Assistance

HUD also administers a Section 8 program that is known as *project based rental assistance*. Through this program, rental assistance is tied to a specific housing unit or building. To receive the project based rental assistance; a household is required to live in designated housing. When the tenant moves, the project based rental subsidy stays with the unit and is available to the next eligible person who moves in the residence.

In 2001, Indiana had 35,000 project based rental units.

In certain circumstances, PHAs may decide to project base some of their tenant based vouchers. In other words, the vouchers are attached to specific units.

Residents of housing units that are funded in part by these project based vouchers, who decide to move after one year, may receive the next available Section 8 Housing Choice Voucher from the Public Housing Agency. This option allows people to choose housing from the private rental market using a tenant-based voucher.

How is the amount of the rent that the tenant pays and the amount of the rent subsidy provided by the PHA determined?

In the Section 8 program, both the tenant and the PHA pay a portion of the monthly housing costs, including rent to the landlord as well as any utilities. The tenant's share is called the "total tenant payment" and is based on the householder's income. The amount of PHA rent subsidy is determined by several factors including the:

- ▶ Income of the household;
- ▶ Rental housing market costs in the community, and;
- ▶ The cost of rent and utilities for the housing unit that will be leased.

The Section 8 Housing Choice Voucher Program has both a minimum and maximum for total tenant payment rules. Section 8 households typically pay at least 30 percent of their income, but could pay as much as 40 percent of their income toward rent and any tenant-paid utilities when they first move into a housing unit.

PHAs are available to calculate the minimum and maximum total tenant payment allowed within the Section 8 program. This information should be provided at the time the voucher is issued to the person. This will help the renter to know which housing units available for rent in the community can be approved within the financial limits of the Section 8 Housing Choice Voucher program by the PHA.

What are HUD programs that are particularly useful for people with disabilities?

Self-Sufficiency Incentives for People with Disabilities

Although most people with disabilities want to work, this group has one of the highest unemployment rates in the country. The fear of losing disability related and cash benefits often inhibit people from seeking work or from advancing in employment or a career. The 1998 Federal law known as the Quality Housing and Work Responsibility Act (QHWRA) was established to help address this issue by expanding benefits to people with disabilities whose housing is supported through the following HUD programs:

- ▶ Section 8 Housing Choice Voucher Program
- ▶ HOME Investments Partnerships Program (HOME)
- ▶ Housing Opportunities for Persons with AIDS (HOPWA) Program
- ▶ Supportive Housing Program (SHP)

Two different types of benefits are available:

1. **Self-sufficiency Incentives or Earned Income Disregard:** To be eligible for the earned income disregard the person with a disability must be unemployed for at least 12 months prior to employment. "Unemployed" means that the person *earned less than* what would be earned by working for 10 hours per week, 50 weeks per year, at minimum wage.
2. **Adjusted Income Mandatory Deductions:** Un-reimbursed expenses that enable the person with a disability to become or remain employed are mandatory deductions. These deductions are in addition to the standard deductions allowed for family members with disabilities, the elderly and/or dependents.

These mandatory deductions may include the costs for services such as attendant care, cab fare, job coaching or adaptive appliances (computer expenses, wheelchairs, etc.). Such un-reimbursed expenses are factored in the calculation of the portion of the individual's income which must be used for rent payments. The deductions cannot exceed earned income. Childcare expenses are also deductible, if they enable the individual to obtain employment or further educational goals.

Section 8 Housing Choice Vouchers and More

In addition to people with disabilities having access to conventional Section 8 Housing Choice Vouchers and Section 8 project based rental assistance, there are other Section 8 vouchers targeted specifically to address the housing needs of this group. The *Section 8 Housing Opportunities for Persons with Disabilities (Mainstream Program)* offers vouchers exclusively for people with disabilities.

In addition, the *Section 8 Housing Choice Fair Share Vouchers* allow for a Public Housing Agency to commit a portion or "fair share" of Section 8 vouchers for people with disabilities.

For the disability community to have access to these vouchers, a Public Housing Agency must submit an application to HUD. These vouchers are key to expanding rental housing opportunities for people with disabilities.

Section 8 Housing Opportunities for Persons with Disabilities (Mainstream Program)

The Section 8 Housing Opportunities for People with Disabilities (Mainstream Program) designates vouchers to be directed to specifically assist people with disabilities to secure affordable housing.

From 1998 - 2002 the Indiana PHA and several local PHAs have received vouchers through the Mainstream Program. These include:

- ▶ Columbus
- ▶ Crawfordsville
- ▶ Evansville
- ▶ Ft. Wayne
- ▶ Goshen
- ▶ Logansport
- ▶ Marshall County
- ▶ Noblesville
- ▶ State Family and Social Service Administration

Both state and local Public Housing Agencies, and non-profit organizations can apply for resources through this program. The Mainstream Program has been established to help alleviate the barriers to individualized and dispersed housing that is affordable for people with disabilities. However, the HUD data indicates that only 10 percent of all the PHAs that administered the Section 8 program in the U.S. between 1997-1999 applied to HUD to make these vouchers available to people with disabilities. This low percentage of PHA participation calls for the disability community, and the state and local PHAs, to work together to secure Section 8 Mainstream Program Vouchers.

Section 8 Housing Choice Fair Share Vouchers (Section 8 Fair Share Vouchers)

Section 8 Fair Share Vouchers are conventional Section 8 Housing Choice Vouchers. They are not targeted for people with disabilities or a specific group. HUD however provides incentives for a state or local PHA to commit a portion of these vouchers for people with disabilities.

How does this work? Section 8 vouchers are awarded to PHAs that apply through a HUD competition. As part of the HUD competition, state and local PHA applications receive more points from HUD if they agree to use a minimum of fifteen (15) percent of their Section 8 Fair

Share Vouchers for households with a person with a disability. Additional points may also be awarded to an application if a PHA agrees to target a minimum of three (3) percent of people who are participants in Medicaid's Home and Community Based Waiver programs.

The above explanation of the rating system applies to the past couple of funding cycles, and may not apply in future applications.

In 2002, the following Indiana communities received Section 8 Fair Share Vouchers through their local PHAs.

- ▶ Ft. Wayne
- ▶ St. Joseph County
- ▶ South Bend
- ▶ Tell City
- ▶ Cannelton
- ▶ Crawfordsville
- ▶ Layfayette
- ▶ Peru

Section 8 Homeownership Assistance

HUD regulations enacted in 2000 and 2001 permit Section 8 Housing Choice Vouchers to be used to help purchase a home. Through this program households can apply their housing assistance payments toward homeownership expenses.

In 2002, the PHA's that had active Section 8 Homeownership Programs included:

- ▶ Fort Wayne
- ▶ Goshen
- ▶ Indianapolis
- ▶ Lafayette
- ▶ Michigan City
- ▶ Indiana Family and Social Service Administration (State PHA)

For more information on the Section 8 Housing Choice Voucher Program see web site: **www.tacinc.org** for the publication, *Section 8 Made Simple: Using the Housing Choice Voucher Program to Assist People with Disabilities*.

How can the disability community influence the state and local PHAs to offer these Section 8 housing options?

Participate in the PHA Process

HUD requires the creation of a five (5)-year Public Housing Agency Plan (PHA Plan) to identify community public housing needs, and the activities that will be undertaken to meet the housing needs of individuals and families with low incomes. The five (5) year plan is updated yearly in an annual plan. Since 2000, PHAs have had significant control over how federal public housing and Section 8 funds are used. Local preferences may be established by PHAs to address critical housing needs that are identified as a priority. For example, local officials could decide to direct more Section 8 housing to people with low incomes and disabilities.

Access All Relevant Information

HUD requires that PHAs respond to the needs of the community and assure that there are opportunities for public input and participation in the development of a PHA Plan. Review the PHA Plan in your community to determine the current priorities that have been identified. Determine if the housing crisis that is affecting people with disabilities is addressed in the PHA Plan. Questions to ask of your PHA include:

- Did your PHA apply for the Section 8 Mainstream Program? If no, what prevented the PHA from submitting an application to HUD?
- When is the next application date for the Section 8 Mainstream Program?
- What can the disability community do to assist the PHA to apply for the Section 8 Mainstream Program?

- Did your PHA's application to HUD include a distribution of fair share vouchers to people with disabilities? If no, what prevented the PHA from including this option in the HUD application?
- Did your PHA agree to target an additional (3) percent of people with Medicaid Home and Community based waivers for Section 8 Fair Share vouchers in the HUD application?
- What can the disability community do to assist the PHA to secure Section 8 Fair Share vouchers?
- When is the next application date for the Section 8 Housing Choice Voucher program? Will the PHA application ensure the availability of Fair Share Vouchers?
- Does your PHA offer the Section 8 Homeownership Program? If no, what can the disability community do to assist the PHA to develop this program?

For a copy of the HUD approved PHA Plan in your community see the web site:
www.hud.gov/offices/pih/pha/index.cfm

What is the link between the PHA Plan and the Consolidated Plan?

HUD requires a linkage between the PHA Plan and the state or community Consolidated Plan. The PHA Plan is required to be consistent with the Consolidated Plan for the jurisdiction in which the PHA is located.

Both the PHA Plan and the Consolidated Plan are tools the disability community can use to increase the availability of affordable and accessible housing.

For more information see Booklet Five on the Consolidated Plan in this affordable housing series.

What is the Indiana Housing Finance Authority's Rental Housing Tax Credit Program?

The Rental Housing Tax Credit Program (RHTCP) is a vehicle for the federal government to fund the construction of new rental housing and the acquisition and rehabilitation of existing rental housing for low-income households. This is the primary federal resource for developing low-income housing for people with incomes up to sixty (60%) of the area median income.

In 2001, six percent (6%) of the units built were affordable for people with incomes below 30% of the area median income. People who receive SSI may not be able to afford to live in a rental property developed through the tax credit program unless additional subsidies are available (e.g., Section 8 Housing Choice Voucher, HOME tenant based rental assistance).

How can Rental Housing Tax Credit Properties (RHTCP) be useful to people with disabilities?

- ▶ Projects created through the RHTCP can target a number of units for people with disabilities, and are required to develop some accessible units for people who use wheelchairs, and/or who have visual or hearing impairments.
- ▶ If people with disabilities are identified as a priority population to have access to rental housing tax credit properties, the Indiana Housing Finance Authority (IHFA) could create an incentive for developers to create this housing. For example, extra points on the competitive application for tax credits could be given for serving a percentage of people with very low incomes and disabilities.

IHFA outlines its selection criteria (including any prioritized populations) in a document called the Qualified Allocation Plan (QAP). For example, in 2002 extra points were given to housing developments that prioritize serving people who are on Public Housing Agency waiting lists? What other selection criteria for new tax credit developments are currently being used? IHFA invites public participation in the QAP process.

See www.indianahousing.org or call 1-800-872-0371 for a copy of the QAP.

Where are Rental Housing Tax Credit Properties Located?

To find affordable rental housing funded by tax credits in your county, contact IHFA at (317) 232-7777 or see:

www.in.gov/ihfa/rental/tax/comp/guide/guide.htm

Are There Any Other Affordable Rental Programs or Funds?

Yes. These include HUD's HOME Investment Partnerships Program (HOME), Community Development Block Grants (CDBG) and the rental housing options that have been developed by the U.S. Department of Agriculture Rural Development (Rural Development). A brief description of each follows.

HOME and CDBG Funds

HUD provides HOME and CDBG grants to states and local communities to fund a wide range of activities, including the development of affordable rental housing. In Indiana, HOME funds are allocated to IHFA, and both HOME and CDBG dollars go to a number of large city governments (e.g., Indianapolis, Ft. Wayne). CDBG funds for the state are allocated to the Indiana Department of Commerce, which has transferred a portion to IHFA for housing programs. IHFA and large city governments, in turn allocate the HOME and CDBG funds on a

competitive basis to organizations that administer affordable housing programs. These funds may also support homebuyers with low to moderate incomes with home repairs, home modifications, and other housing related activities.

For more information see the IHFA web site:

<http://www.indianahousing.org>

For a listing of nearby affordable housing organizations certified by IHFA (known as Community Housing Development Organizations or CHDOs) see:

<http://www.in.gov/ihfa/county/county.htm>

U.S. Department of Agriculture- Rural Development

The federal government has created a limited number of housing resources administered by Rural Development. Rural Development is responsible for managing those housing programs that specifically target the affordable housing needs of people who live in rural areas. These funds can be valuable resources for expanding housing options for people with disabilities in non-metropolitan areas.

For more information see the web site:

www.rurdev.usda.gov

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